



ARIZONA STATE SENATE
Fifty-Third Legislature, First Regular Session

REVISED
FACT SHEET FOR S.B. 1431

empowerment scholarships; expansion; phase-in

Purpose

Phases-in expansion of the Empowerment Scholarship Account (ESA) Program over four years.

Background

The ESA Program was established in 2011 to provide educational options for special needs students outside of the public school system. The ESA Program has since expanded to include: 1) students attending D and F schools or school districts; 2) foster care children; 3) children in military families; 4) siblings of current or previous ESA recipients; 5) school tuition organization recipients who are eligible for the Arizona Scholarships for Pupils with Disabilities Program; and 6) students residing on an Indian Reservation ([A.R.S. § 15-2401](#)).

ESAs are funded at 90 percent of base support level and charter additional assistance that would otherwise be allocated to an ESA recipient's prior school district or charter school. The Arizona Department of Education (ADE) transfers this amount to the State Treasurer (Treasurer) for deposit into each ESA. ADE may retain up to five percent of the monies allocated to ESAs to be used for ADE's costs in administering the Program. The Treasurer is entitled to one percent of the five percent for its costs. Both amounts are subject to legislative appropriation.

In order to participate in the ESA Program, the parent of a qualified child must annually sign an agreement to follow the requirements outlined in statute. Parents must agree to use a portion of the ESA monies to provide an education to the student in at least reading, grammar, mathematics, social studies and science. Statute outlines permitted expenses for ESA monies which include tuition or fees, required textbooks, tutoring and curricula. Parents are required to submit a quarterly expense report to ADE detailing the expenditures ([A.R.S. § 15-2402](#)).

Currently, ADE estimates there are 3,100 students enrolled in the ESA Program and approximately \$46 million disbursed in FY 2017. [Laws 2013, Chapter 250](#), caps the number of new ESAs approved by ADE at 0.5 percent of total public school enrollment through 2019, or approximately 5,500 new students annually.

According to the Joint Legislative Budget Committee (JLBC), the estimated fiscal impact to the state General Fund is \$2.1 million in FY 2018, \$5.8 million in FY 2019, \$12.9 million in FY 2020 and \$24.5 million in FY 2021. JLBC notes these estimates are highly speculative and actual costs could vary significantly based on the participation rates of newly eligible students.

Provisions

1. Expands eligibility in the ESA Program as follows:
 - a) beginning in the 2017-2018 school year, children who currently attend or are eligible to attend a public school in a kindergarten program or any of grades 1, 6 and 9;
 - b) beginning in the 2018-2019 school year, children in any of grades 2, 7 and 10;
 - c) beginning in the 2019-2020 school year, children in any of grades 3, 8 and 11; and
 - d) beginning in the 2020-2021 school year, children in any of grades 4, 5 and 12.
2. Includes in the parent agreement beginning in the 2017-2018 school year, a requirement for ESA students in grades 3 through 12 to take any nationally standardized norm-referenced achievement examination, advanced placement examination or any examination related to college or university admissions that assesses reading and mathematics and requires the qualified school to report those results to the parent.
3. Exempts the following students from the examination requirement:
 - a) a student identified as having a disability under section 504 of the Rehabilitation Act of 1973;
 - b) a student identified by a school district or third party as a child with a disability; and
 - c) a child with a disability who is eligible to receive services from a school district pursuant to statute.
4. Modifies the additional eligibility criteria concerning public school attendance to require students to attend a public school for 100 days in the prior fiscal year, rather than the first 100 days in the prior fiscal year.
5. Makes technical changes.
6. Becomes effective on the general effective date.

Revision

1. Updates the fiscal impact statement.
2. Includes specifics concerning funding in the background.
3. Specifies test scores are reported to parents.

Senate Action

ED 2/9/17 DP 4-3-0

Prepared by Senate Research

February 15, 2017

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